

**AUDIT REPORT  
OF  
CUMING COUNTY**

**JULY 1, 2019, THROUGH JUNE 30, 2020**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on March 30, 2021**

CUMING COUNTY

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CUMING COUNTY  
200 S. Lincoln  
West Point, NE 68788

**LIST OF COUNTY OFFICIALS**  
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Norbert Holtz	Jan. 2023
	Steven Meister	Jan. 2023
	Judy Mutzenberger	Jan. 2023
	John Ross	Jan. 2021
	Steve Sill	Jan. 2021
	Clarence Tichota	Jan. 2021
	Glen Wiechman	Jan. 2023
Assessor	Cherie Kreikemeier	Jan. 2023
Attorney	Dan Bracht	Jan. 2023
Clerk Election Commissioner Register of Deeds	Bonnie Vogltance	Jan. 2023
Clerk of the District Court	Laura Wagner	Jan. 2023
Sheriff	Bradley Boyum	Jan. 2023
Treasurer	Roxann Fast	Jan. 2023
Surveyor	Nick Seery	Jan. 2023
Veterans' Service Officer	Jason Gatzemeyer	Appointed
Emergency Manager	Jeff McGill	Appointed
Weed Superintendent	Daniel Niemeyer	Appointed
Highway Superintendent	Chris Howser	Appointed
Planning & Zoning	Becky Lerch	Appointed
Economic Development	David Branch	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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CUMING COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Cuming County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuming County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Cuming County as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 17-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of Cuming County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cuming County's internal control over financial reporting and compliance.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

March 26, 2021

CUMING COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2020

		Governmental Activities
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 1.D)	\$	4,136,640
Investments (Note 1.D)		8,053,842
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>12,190,482</b>
<b>NET POSITION</b>		
Restricted for:		
Visitor Promotion	\$	82,101
911 Emergency Services		156,504
Drug Education		161
Preservation of Records		7,029
Music Scholarships		70,660
Extension Services		317
Disaster Recovery and Relief		269,214
Unrestricted		11,604,496
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>12,190,482</b>

The notes to the financial statements are an integral part of this statement.

CUMING COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2020

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (3,605,107)	\$ 420,842	\$ 19,171	\$ (3,165,094)
Public Safety	(1,235,475)	22,557	-	(1,212,918)
Public Works	(4,358,993)	1,862	3,571,982	(785,149)
Public Assistance	(76,910)	-	-	(76,910)
Culture and Recreation	(33,197)	-	-	(33,197)
Total Governmental Activities	<u>\$ (9,309,682)</u>	<u>\$ 445,261</u>	<u>\$ 3,591,153</u>	<u>(5,273,268)</u>

General Receipts:

Property Taxes	4,541,265
Grants and Contributions Not Restricted to Specific Programs	1,216,227
Investment Income	170,932
Licenses and Permits	41,159
Miscellaneous	112,523
Total General Receipts	<u>6,082,106</u>

Increase in Net Position	808,838
Net Position - Beginning of year	11,381,644
Net Position - End of year	<u>\$ 12,190,482</u>

The notes to the financial statements are an integral part of this statement.

CUMING COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 809,660	\$ 367,979	\$ 1,665,817	\$ 699,071	\$ 594,113	\$ 4,136,640
Investments (Note 1.D)	-	-	3,053,842	5,000,000	-	8,053,842
<b>TOTAL ASSETS</b>	<b><u>\$ 809,660</u></b>	<b><u>\$ 367,979</u></b>	<b><u>\$ 4,719,659</u></b>	<b><u>\$ 5,699,071</u></b>	<b><u>\$ 594,113</u></b>	<b><u>\$ 12,190,482</u></b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	82,101	82,101
911 Emergency Services	-	-	-	-	156,504	156,504
Drug Education	-	-	-	-	161	161
Preservation of Records	-	-	-	-	7,029	7,029
Music Scholarships	-	-	-	-	70,660	70,660
Extension Services	-	-	-	-	317	317
Disaster Recovery and Relief	-	-	-	-	269,214	269,214
Committed to:						
Law Enforcement	-	-	-	-	3,723	3,723
Road Maintenance	-	367,979	-	-	-	367,979
Road Projects and Equipment	-	-	-	5,699,071	-	5,699,071
Economic Development	-	-	-	-	4,404	4,404
Assigned to:						
Other Purposes	-	-	4,719,659	-	-	4,719,659
Unassigned	809,660	-	-	-	-	809,660
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b><u>\$ 809,660</u></b>	<b><u>\$ 367,979</u></b>	<b><u>\$ 4,719,659</u></b>	<b><u>\$ 5,699,071</u></b>	<b><u>\$ 594,113</u></b>	<b><u>\$ 12,190,482</u></b>

The notes to the financial statements are an integral part of this statement.

CUMING COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$3,388,039	\$ -	\$ 1,020,765	\$ -	\$ 132,461	\$ 4,541,265
Licenses and Permits	41,159	-	-	-	-	41,159
Investment Income	169,440	-	-	-	1,492	170,932
Intergovernmental	450,909	2,662,094	-	292,935	1,401,442	4,807,380
Charges for Services	428,722	1,862	-	-	14,677	445,261
Miscellaneous	51,598	50,239	-	-	10,686	112,523
<b>TOTAL RECEIPTS</b>	<u>4,529,867</u>	<u>2,714,195</u>	<u>1,020,765</u>	<u>292,935</u>	<u>1,560,758</u>	<u>10,118,520</u>
<b>DISBURSEMENTS</b>						
General Government	2,738,437	-	-	-	866,670	3,605,107
Public Safety	924,889	-	-	-	310,586	1,235,475
Public Works	15,900	3,724,443	223,858	26,353	368,439	4,358,993
Public Assistance	73,451	-	-	-	3,459	76,910
Culture and Recreation	-	-	15,000	-	18,197	33,197
<b>TOTAL DISBURSEMENTS</b>	<u>3,752,677</u>	<u>3,724,443</u>	<u>238,858</u>	<u>26,353</u>	<u>1,567,351</u>	<u>9,309,682</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>777,190</u>	<u>(1,010,248)</u>	<u>781,907</u>	<u>266,582</u>	<u>(6,593)</u>	<u>808,838</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,781	915,766	-	-	130,486	1,052,033
Transfers out	(491,218)	-	(350,000)	-	(210,815)	(1,052,033)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(485,437)</u>	<u>915,766</u>	<u>(350,000)</u>	<u>-</u>	<u>(80,329)</u>	<u>-</u>
Net Change in Fund Balances	291,753	(94,482)	431,907	266,582	(86,922)	808,838
<b>CASH BASIS FUND BALANCES - BEGINNING</b>						
	<u>517,907</u>	<u>462,461</u>	<u>4,287,752</u>	<u>5,432,489</u>	<u>681,035</u>	<u>11,381,644</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>						
	<u>\$ 809,660</u>	<u>\$ 367,979</u>	<u>\$ 4,719,659</u>	<u>\$ 5,699,071</u>	<u>\$ 594,113</u>	<u>\$ 12,190,482</u>

The notes to the financial statements are an integral part of this statement.

CUMING COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2020

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 998,543
 <b>LIABILITIES</b>	
Due to other governments	
State	455,716
Schools	217,708
Educational Service Units	3,417
Technical College	21,642
Natural Resource Districts	5,399
Fire Districts	3,400
Municipalities	52,853
Agricultural Society	1,348
JPA	2,277
Townships	190,075
Historical Society	25,000
Hospital	187
Others	19,521
<b>TOTAL LIABILITIES</b>	<b>998,543</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Cuming County.

**A. Reporting Entity**

Cuming County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

Behavioral Health Region IV – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$52,668 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Elkhorn Logan Valley Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2020). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

**Restricted.** This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

**Unrestricted.** This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

**Inheritance Fund.** This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

**Sinking Fund.** This fund is used to account for the costs associated with necessary road and bridge construction and improvements and is primarily funded by State receipts.

The County reports the following additional non-major governmental fund types:

**Special Revenue Funds.** These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

**Agency Funds.** These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

**Restricted.** The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

**Committed.** The fund balance has been designated by the County Board for a specific purpose.

**Assigned.** The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

**Unassigned.** This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

**D. Assets and Net Position**

**Cash and Cash Equivalents.** The County's cash and cash equivalents are considered to be cash on hand, certificates of deposits, and demand deposits.

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations and securities, which are authorized by the Nebraska Investment Council.

**Capital Assets.** Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$585,986 of restricted net position, which is fully restricted by enabling legislation.

**Budgetary Process.** The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$4,136,640 for County funds and \$998,543 for Fiduciary funds. The bank balances for all funds totaled \$5,092,754. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$8,053,842 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.127001/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.116230/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2020, 66 employees contributed \$107,099, and the County contributed \$159,231. Contributions included \$2,871 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$58 directly to one retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 5,781	\$ 5,781
Road Fund	485,437	300,000	130,329	915,766
Nonmajor Funds	5,781	50,000	74,705	130,486
Total	<u>\$ 491,218</u>	<u>\$ 350,000</u>	<u>\$ 210,815</u>	<u>\$ 1,052,033</u>

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2020, the County made one-time transfers of \$56,764 from the 911 Wireless Service Fund to the E911 Fund, and \$4,882 from the Lodging Tax Fund to the Economic Development Fund to share payroll costs of a dispatcher and the economic development director, respectively. An additional one-time transfer of \$5,781 from the STOP Fund to the General Fund was made to correct an error. Another one-time transfer of \$130,329 was made from the Natural Disaster Fund to the Road Fund for reimbursement of Federal expenditures. Lastly, a one-time transfer of \$13,059 was made from the Special Projects Fund to the Economic Development Fund for County grants paid by the Dinklage Foundation.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

8 **Subsequent Event**

The County issued bonds on November 19, 2020, in the amount of \$5,075,000 for the purpose of paying the costs of constructing and reconstructing certain road improvements within the County.

9. **Louis Abby Fay Dinklage Foundation**

In October 1975, a nonprofit corporation was created for the purpose of performing charitable and educational functions of the City of Wisner, Cuming County, and the Wisner-Pilger School District. The corporation was renamed to the Louis Abby Fay Dinklage Foundation (Foundation) in 1992. The Foundation's governing board is established in the Foundation's bylaws and includes a representative from each of the three political subdivisions plus six other members. Funding is provided by private funding. The County receives grant applications from various entities requesting support which, once approved by the County Board, are forwarded to the Foundation for review. The Foundation receives the application, and if approved, will send the funds to the County, which are then paid to the applicant through the claims process. This financial activity is included in the County financial statements in the Special Projects Fund. The Foundation is a separate legal entity organized as a 501(c)(3) not-for-profit.

**CUMING COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,843,463	\$ 3,843,463	\$ 3,388,039	\$ (455,424)
Licenses and Permits	34,500	34,500	41,159	6,659
Interest	250,000	250,000	169,440	(80,560)
Intergovernmental	71,500	71,500	450,909	379,409
Charges for Services	424,350	424,350	428,722	4,372
Miscellaneous	13,000	13,000	51,598	38,598
<b>TOTAL RECEIPTS</b>	<u>4,636,813</u>	<u>4,636,813</u>	<u>4,529,867</u>	<u>(106,946)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	128,817	128,817	122,786	6,031
County Clerk	146,218	146,218	144,000	2,218
County Treasurer	215,668	215,668	194,608	21,060
County Assessor	329,470	329,470	295,836	33,634
Election Commissioner	35,200	35,200	26,245	8,955
Insurance	450,950	500,950	500,869	81
Zoning	59,150	59,150	44,648	14,502
Clerk of the District Court	189,255	189,255	147,657	41,598
County Court System	10,650	10,650	9,233	1,417
District Court - Major Litigation	274,500	274,500	199,572	74,928
District Court - CSA	1,152	1,152	-	1,152
Building and Grounds	249,600	249,600	221,449	28,151
Agricultural Extension Agent	153,202	153,202	122,213	30,989
Miscellaneous	746,562	680,562	709,321	(28,759)
Public Safety				
County Sheriff	470,053	470,053	455,368	14,685
County Attorney	197,612	197,612	193,063	4,549
County Jail	262,500	262,500	177,853	84,647
Diversion Coordinator	63,725	63,725	52,810	10,915
Emergency Management	41,744	47,744	45,795	1,949
Public Works				
County Surveyor	24,816	24,816	15,900	8,916
Public Assistance				
Veterans' Service Officer	60,875	70,875	69,982	893
Institutions	2,500	2,500	-	2,500
Emergency Relief	5,100	5,100	3,469	1,631
<b>TOTAL DISBURSEMENTS</b>	<u>4,119,319</u>	<u>4,119,319</u>	<u>3,752,677</u>	<u>366,642</u>

(Continued)

**CUMING COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	517,494	517,494	777,190	259,696
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	44,729	44,729	5,781	(38,948)
Transfers out	(580,130)	(580,130)	(491,218)	88,912
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(535,401)	(535,401)	(485,437)	49,964
Net Change in Fund Balance	(17,907)	(17,907)	291,753	309,660
<b>FUND BALANCE - BEGINNING</b>	267,907	267,907	517,907	250,000
<b>FUND BALANCE - ENDING</b>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 809,660</u>	<u>\$ 559,660</u>

(Concluded)

**CUMING COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,461,750	\$ 2,761,750	\$ 2,662,094	\$ (99,656)
Charges for Services	-	-	1,862	1,862
Miscellaneous	-	-	50,239	50,239
<b>TOTAL RECEIPTS</b>	<u>2,461,750</u>	<u>2,761,750</u>	<u>2,714,195</u>	<u>(47,555)</u>
<b>DISBURSEMENTS</b>	<u>3,475,569</u>	<u>3,775,569</u>	<u>3,724,443</u>	<u>51,126</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,013,819)</u>	<u>(1,013,819)</u>	<u>(1,010,248)</u>	<u>3,571</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	551,358	551,358	915,766	364,408
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>551,358</u>	<u>551,358</u>	<u>915,766</u>	<u>364,408</u>
Net Change in Fund Balance	(462,461)	(462,461)	(94,482)	367,979
<b>FUND BALANCE - BEGINNING</b>	<u>462,461</u>	<u>462,461</u>	<u>462,461</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,979</u>	<u>\$ 367,979</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 1,020,765	\$ 1,020,765
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>1,020,765</u>	<u>1,020,765</u>
<b>DISBURSEMENTS</b>	<u>4,237,752</u>	<u>4,237,752</u>	<u>238,858</u>	<u>3,998,894</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,237,752)</u>	<u>(4,237,752)</u>	<u>781,907</u>	<u>5,019,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(50,000)	(50,000)	(350,000)	(300,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(350,000)</u>	<u>(300,000)</u>
Net Change in Fund Balance	(4,287,752)	(4,287,752)	431,907	4,719,659
<b>FUND BALANCE - BEGINNING</b>	<u>4,287,752</u>	<u>4,287,752</u>	<u>4,287,752</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,719,659</u>	<u>\$ 4,719,659</u>

(Continued)

CUMING COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>SINKING FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 292,930	\$ 292,930	\$ 292,935	\$ 5
<b>TOTAL RECEIPTS</b>	<u>292,930</u>	<u>292,930</u>	<u>292,935</u>	<u>5</u>
<b>DISBURSEMENTS</b>	<u>5,725,419</u>	<u>5,725,419</u>	<u>26,353</u>	<u>5,699,066</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(5,432,489)</u>	<u>(5,432,489)</u>	<u>266,582</u>	<u>5,699,071</u>
Net Change in Fund Balance	(5,432,489)	(5,432,489)	266,582	5,699,071
FUND BALANCE - BEGINNING	5,432,489	5,432,489	5,432,489	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,699,071</u>	<u>\$ 5,699,071</u>

(Concluded)

CUMING COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>SPECIAL PROJECTS FUND</b>				
Receipts	\$ 1,000,000	\$ 1,000,000	\$ 764,463	\$ (235,537)
Disbursements	(1,000,000)	(1,000,000)	(751,404)	248,596
Transfers in	-	-	-	-
Transfers out	-	-	(13,059)	(13,059)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>WEGNER MUSIC SCHOLARSHIP GRANT FUND</b>				
Receipts	\$ -	\$ -	\$ 1,492	\$ 1,492
Disbursements	(72,627)	(72,627)	(3,459)	69,168
Net Change in Fund Balance	(72,627)	(72,627)	(1,967)	70,660
Fund Balance - Beginning	72,627	72,627	72,627	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,660</u>	<u>\$ 70,660</u>
<b>LODGING TAX FUND</b>				
Receipts	\$ -	\$ -	\$ 48,702	\$ 48,702
Disbursements	(56,478)	(56,478)	(18,197)	38,281
Transfers in	-	-	-	-
Transfers out	-	-	(4,882)	(4,882)
Net Change in Fund Balance	(56,478)	(56,478)	25,623	82,101
Fund Balance - Beginning	56,478	56,478	56,478	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,101</u>	<u>\$ 82,101</u>
<b>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 6,000	\$ 6,000	\$ 7,402	\$ 1,402
Disbursements	(11,418)	(11,418)	(5,791)	5,627
Net Change in Fund Balance	(5,418)	(5,418)	1,611	7,029
Fund Balance - Beginning	5,418	5,418	5,418	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,029</u>	<u>\$ 7,029</u>

(Continued)

**CUMING COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STOP FUND</b>				
Receipts	\$ 5,526	\$ 10,526	\$ 7,275	\$ (3,251)
Disbursements	(15,000)	(20,000)	(13,026)	6,974
Transfers in	-	-	5,781	5,781
Transfers out	-	-	(5,781)	(5,781)
Net Change in Fund Balance	(9,474)	(9,474)	(5,751)	3,723
Fund Balance - Beginning	9,474	9,474	9,474	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,723</u>	<u>\$ 3,723</u>
<b>COUNTY DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(161)	(161)	-	161
Net Change in Fund Balance	(161)	(161)	-	161
Fund Balance - Beginning	161	161	161	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 161</u>
<b>FEDERAL GRANT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(317)	(317)	-	317
Net Change in Fund Balance	(317)	(317)	-	317
Fund Balance - Beginning	317	317	317	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 317</u>
<b>NATURAL DISASTER FUND</b>				
Receipts	\$ -	\$ 615,000	\$ 616,979	\$ 1,979
Disbursements	(151,003)	(766,003)	(368,439)	397,564
Transfers in	-	-	-	-
Transfers out	-	-	(130,329)	(130,329)
Net Change in Fund Balance	(151,003)	(151,003)	118,211	269,214
Fund Balance - Beginning	151,003	151,003	151,003	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,214</u>	<u>\$ 269,214</u>

(Continued)

CUMING COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>ECONOMIC DEVELOPMENT FUND</u></b>				
Receipts	\$ 63,800	\$ 63,800	\$ 30,684	\$ (33,116)
Disbursements	(157,826)	(157,826)	(109,475)	48,351
Transfers in	78,772	78,772	67,941	(10,831)
Transfers out	-	-	-	-
Net Change in Fund Balance	(15,254)	(15,254)	(10,850)	4,404
Fund Balance - Beginning	15,254	15,254	15,254	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,404</u>	<u>\$ 4,404</u>
<b><u>E911 FUND</u></b>				
Receipts	\$ 40,500	\$ 40,500	\$ 26,997	\$ (13,503)
Disbursements	(412,830)	(412,830)	(297,560)	115,270
Transfers in	56,764	56,764	56,764	-
Transfers out	(44,729)	(44,729)	-	44,729
Net Change in Fund Balance	(360,295)	(360,295)	(213,799)	146,496
Fund Balance - Beginning	360,295	360,295	360,295	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,496</u>	<u>\$ 146,496</u>
<b><u>911 WIRELESS SERVICE FUND</u></b>				
Receipts	\$ 56,764	\$ 56,764	\$ 56,764	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(56,764)	(56,764)	(56,764)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>E911 EQUIPMENT FUND</u></b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(10,008)	(10,008)	-	10,008
Net Change in Fund Balance	(10,008)	(10,008)	-	10,008
Fund Balance - Beginning	10,008	10,008	10,008	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 10,008</u>

(Concluded)

CUMING COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Special Projects Fund	Wegner Music Scholarship Grant Fund	Lodging Tax Fund	Register of Deeds Preservation and Modernization Fund	STOP Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 48,702	\$ -	\$ -
Investment Income	-	1,492	-	-	-
Intergovernmental	764,463	-	-	-	-
Charges for Services	-	-	-	7,402	7,275
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>764,463</u>	<u>1,492</u>	<u>48,702</u>	<u>7,402</u>	<u>7,275</u>
<b>DISBURSEMENTS</b>					
General Government	751,404	-	-	5,791	-
Public Safety	-	-	-	-	13,026
Public Works	-	-	-	-	-
Public Assistance	-	3,459	-	-	-
Culture and Recreation	-	-	18,197	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>751,404</u>	<u>3,459</u>	<u>18,197</u>	<u>5,791</u>	<u>13,026</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>13,059</u>	<u>(1,967)</u>	<u>30,505</u>	<u>1,611</u>	<u>(5,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	5,781
Transfers out	(13,059)	-	(4,882)	-	(5,781)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,059)</u>	<u>-</u>	<u>(4,882)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1,967)	25,623	1,611	(5,751)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>72,627</u>	<u>56,478</u>	<u>5,418</u>	<u>9,474</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 70,660</u>	<u>\$ 82,101</u>	<u>\$ 7,029</u>	<u>\$ 3,723</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	82,101	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	-	7,029	-
Music Scholarships	-	70,660	-	-	-
Extension Services	-	-	-	-	-
Disaster Recovery and Relief	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	3,723
Economic Development	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 70,660</u>	<u>\$ 82,101</u>	<u>\$ 7,029</u>	<u>\$ 3,723</u>

(Continued)

CUMING COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	County Drug Law Enforcement and Education Fund	Federal Grant Fund	Natural Disaster Fund	Economic Development Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
Intergovernmental	-	-	616,979	20,000
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	10,684
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>616,979</u>	<u>30,684</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	109,475
Public Safety	-	-	-	-
Public Works	-	-	368,439	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>368,439</u>	<u>109,475</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>248,540</u>	<u>(78,791)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	67,941
Transfers out	-	-	(130,329)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(130,329)</u>	<u>67,941</u>
Net Change in Fund Balances	-	-	118,211	(10,850)
<b>FUND BALANCES - BEGINNING</b>	<u>161</u>	<u>317</u>	<u>151,003</u>	<u>15,254</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 161</u>	<u>\$ 317</u>	<u>\$ 269,214</u>	<u>\$ 4,404</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	161	-	-	-
Preservation of Records	-	-	-	-
Music Scholarships	-	-	-	-
Extension Services	-	317	-	-
Disaster Recovery and Relief	-	-	269,214	-
Committed to:				
Law Enforcement	-	-	-	-
Economic Development	-	-	-	4,404
<b>TOTAL FUND BALANCES</b>	<u>\$ 161</u>	<u>\$ 317</u>	<u>\$ 269,214</u>	<u>\$ 4,404</u>

(Continued)

CUMING COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	E911 Fund	911 Wireless Service Fund	E911 Equipment Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 26,995	\$ 56,764	\$ -	\$ 132,461
Investment Income	-	-	-	1,492
Intergovernmental	-	-	-	1,401,442
Charges for Services	-	-	-	14,677
Miscellaneous	2	-	-	10,686
<b>TOTAL RECEIPTS</b>	<u>26,997</u>	<u>56,764</u>	<u>-</u>	<u>1,560,758</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	866,670
Public Safety	297,560	-	-	310,586
Public Works	-	-	-	368,439
Public Assistance	-	-	-	3,459
Culture and Recreation	-	-	-	18,197
<b>TOTAL DISBURSEMENTS</b>	<u>297,560</u>	<u>-</u>	<u>-</u>	<u>1,567,351</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(270,563)</u>	<u>56,764</u>	<u>-</u>	<u>(6,593)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,764	-	-	130,486
Transfers out	-	(56,764)	-	(210,815)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>56,764</u>	<u>(56,764)</u>	<u>-</u>	<u>(80,329)</u>
Net Change in Fund Balances	(213,799)	-	-	(86,922)
<b>FUND BALANCES - BEGINNING</b>	<u>360,295</u>	<u>-</u>	<u>10,008</u>	<u>681,035</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 146,496</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 594,113</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	82,101
911 Emergency Services	146,496	-	10,008	156,504
Drug Education	-	-	-	161
Preservation of Records	-	-	-	7,029
Music Scholarships	-	-	-	70,660
Extension Services	-	-	-	317
Disaster Recovery and Relief	-	-	-	269,214
Committed to:				
Law Enforcement	-	-	-	3,723
Economic Development	-	-	-	4,404
<b>TOTAL FUND BALANCES</b>	<u>\$ 146,496</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 594,113</u>

(Concluded)

**CUMING COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2020

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Highway Superintendent</u>	<u>Veterans' Service Officer</u>	<u>County Insurance</u>
BALANCES JULY 1, 2019	\$ 14,329	\$ 72,798	\$ 1,694	\$ -	\$ -	\$ 1,508	\$ 250,000
<b>RECEIPTS</b>							
Property Taxes	-	-	7,552	-	-	-	-
Licenses and Permits	1,150	-	765	-	-	-	-
Intergovernmental	-	-	-	-	-	-	254,620
Charges for Services	85,501	10,711	12,481	7,150	-	-	-
Miscellaneous	51	-	791	-	50,221	1,291	34,996
State Fees	104,256	8,619	-	-	-	-	-
Other Liabilities	901	60,030	15,221	5,750	-	-	-
<b>TOTAL RECEIPTS</b>	<u>191,859</u>	<u>79,360</u>	<u>36,810</u>	<u>12,900</u>	<u>50,221</u>	<u>1,291</u>	<u>289,616</u>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	83,462	11,266	20,722	7,150	50,221	-	-
Payments to State Treasurer	100,336	8,390	-	-	-	-	-
Other Liabilities	952	102,360	15,345	5,750	-	1,299	289,616
<b>TOTAL DISBURSEMENTS</b>	<u>184,750</u>	<u>122,016</u>	<u>36,067</u>	<u>12,900</u>	<u>50,221</u>	<u>1,299</u>	<u>289,616</u>
BALANCES JUNE 30, 2020	<u>\$ 21,438</u>	<u>\$ 30,142</u>	<u>\$ 2,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 250,000</u>
<b>BALANCES CONSIST OF:</b>							
Due to County Treasurer	\$ 9,850	\$ 407	\$ 1,825	\$ -	\$ -	\$ -	\$ -
Petty Cash	50	-	500	-	-	1,500	250,000
Due to State Treasurer	11,538	1,120	-	-	-	-	-
Due to Others	-	28,615	112	-	-	-	-
BALANCES JUNE 30, 2020	<u>\$ 21,438</u>	<u>\$ 30,142</u>	<u>\$ 2,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 250,000</u>

(Continued)

**CUMING COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2020

	County General Assistance	County Planning and Zoning	County Extension	County Economic Development	County Diversion	Total
BALANCES JULY 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,329
<b>RECEIPTS</b>						
Property Taxes	-	-	-	-	-	7,552
Licenses and Permits	-	2,000	-	-	-	3,915
Intergovernmental	-	-	-	20,000	-	274,620
Charges for Services	-	-	-	-	2,000	117,843
Miscellaneous	1,947	102	132	10,685	-	100,216
State Fees	-	-	-	-	-	112,875
Other Liabilities	-	-	-	-	-	81,902
<b>TOTAL RECEIPTS</b>	<b>1,947</b>	<b>2,102</b>	<b>132</b>	<b>30,685</b>	<b>2,000</b>	<b>698,923</b>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	-	2,102	132	30,685	1,825	207,565
Payments to State Treasurer	-	-	-	-	-	108,726
Other Liabilities	1,147	-	-	-	175	416,644
<b>TOTAL DISBURSEMENTS</b>	<b>1,147</b>	<b>2,102</b>	<b>132</b>	<b>30,685</b>	<b>2,000</b>	<b>732,935</b>
BALANCES JUNE 30, 2020	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,317</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,082
Petty Cash	800	-	-	-	-	252,850
Due to State Treasurer	-	-	-	-	-	12,658
Due to Others	-	-	-	-	-	28,727
BALANCES JUNE 30, 2020	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,317</u>

(Concluded)

CUMING COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2020

Item	2015	2016	2017	2018	2019
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 25,429,060	\$ 26,539,800	\$ 26,112,769	\$ 26,356,570	\$ 26,085,223
Personal and Specials	1,571,544	1,394,905	1,277,748	1,163,484	1,183,012
<b>Total</b>	<b>27,000,604</b>	<b>27,934,705</b>	<b>27,390,517</b>	<b>27,520,054</b>	<b>27,268,235</b>
<b>Corrections</b>					
Additions	21,383	9,662	9,332	39,852	9,793
Deductions	(6,777)	(12,263)	(10,713)	(48,378)	(11,831)
Net Additions/ (Deductions)	14,606	(2,601)	(1,381)	(8,526)	(2,038)
<b>Corrected Certified Tax</b>	<b>27,015,210</b>	<b>27,932,104</b>	<b>27,389,136</b>	<b>27,511,528</b>	<b>27,266,197</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2016	9,354,859	-	-	-	-
June 30, 2017	11,650,135	18,314,367	-	-	-
June 30, 2018	6,007,590	9,609,998	18,044,321	-	-
June 30, 2019	411	1,450	9,342,044	17,907,559	-
June 30, 2020	623	808	2,177	9,606,707	17,525,706
<b>Total Net Collections</b>	<b>27,013,618</b>	<b>27,926,623</b>	<b>27,388,542</b>	<b>27,514,266</b>	<b>17,525,706</b>
<b>Total Uncollected Tax</b>	<b>\$ 1,592</b>	<b>\$ 5,481</b>	<b>\$ 594</b>	<b>\$ (2,738)</b>	<b>\$ 9,740,491</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>-0.01%</b>	<b>35.72%</b>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.

CUMING COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipients
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through Nebraska Military Department				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	unavailable	* \$ 732,350	\$ 343,731
Total U.S. Department of Homeland Security			<u>732,350</u>	<u>343,731</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through Nebraska Department of Health and Human Services				
Child Support Enforcement	93.563	unavailable	21,005	-
Total U.S. Department of Health and Human Services			<u>21,005</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 753,355</u></u>	<u><u>\$ 343,731</u></u>

\* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CUMING COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2020

**1. Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Cuming County (County) under programs of the Federal government for the year ended June 30, 2020, except as noted in Note 2 below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cuming County, it is not intended to and does not present the financial position, changes or net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Cuming County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance.

**3. Prior Year Expenditures**

The County incurred \$571,372 of eligible expenditures in fiscal year ended June 30, 2019, that were included on the Schedule of Expenditures of Federal Awards.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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CUMING COUNTY  
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Supervisors  
Cuming County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuming County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Cuming County's basic financial statements, and have issued our report thereon dated March 26, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cuming County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cuming County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cuming County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Additional Items**

We also noted certain matters that we reported to the management of Cuming County in a separate letter dated March 26, 2021.

**Cuming County's Response to Findings**

Cuming County declined to respond to the finding described above.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

March 26, 2021



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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CUMING COUNTY  
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON THE SCHEDULE OF EXPENITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Supervisors  
Cuming County, Nebraska

**Report on Compliance for Each Major Federal Program**

We have audited Cuming County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Cuming County's major Federal programs for the year ended June 30, 2020. Cuming County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Cuming County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Cuming County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Cuming County's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, Cuming County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of Cuming County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cuming County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cuming County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Cuming County as of and for the year ended June 30, 2020, and have issued our report thereon dated March 26, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.



March 26, 2021

Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

CUMING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

**Unmodified**

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_ Yes X None Reported

Significant deficiencies identified?

X Yes \_\_\_ No

Noncompliance material to financial statements noted?

\_\_\_ Yes X None Reported

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?

\_\_\_ Yes X None Reported

Significant deficiencies identified?

\_\_\_ Yes X None Reported

Type of auditor’s report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_ Yes X No

Major programs: **Disaster Grants – Public Assistance: CFDA#97.036**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

CUMING COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Concluded)

**Section II – Financial Statement Findings**

**Finding # 2020-1**

- Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
- Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
- Context - Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
- Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.
- Cause - The County does not employ sufficient office personnel to segregate properly accounting functions.
- Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
- View of Officials - The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

**Section III – Federal Award Findings and Questioned Costs**

**None Noted**



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 26, 2021

Board of Supervisors  
Cuming County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Cuming County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated March 26, 2021. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

## COUNTY ATTORNEY

### Receipting Procedures

As of June 30, 2020, we noted that the County Attorney was not keeping adequate receipts for money collected by the office, as follows:

- No records were on file to support \$2,351 of funds deposited into the County Attorney's bank account.
- A spreadsheet was maintained by the County Attorney detailing all bad check cases throughout the fiscal year. We noted \$872 of funds deposited into the County Attorney's bank account was included on the spreadsheet; however, the records were not updated for when the money was received.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012) states the following:

*It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts, one of which shall be filed by such person with the county clerk.*

Good internal controls and sound accounting practices require receipts to be issued or receipt logs to be maintained for all fees collected. Such receipts should be issued at the time the funds are collected by the office.

Without such controls, the County is at an increased risk of not only loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the County Attorney implement procedures to ensure receipts are issued for all funds collected at the time such funds are obtained by the office.

## COUNTY BOARD

### Insufficient Pledged Collateral

During our audit, we noted that the County Clerk did not maintain securities to cover fully deposits held at one financial institution. For accounts maintained at F & M Bank, deposits ranging from \$4,967 to \$435,094 were uncollateralized for 33 days.

Neb. Rev. Stat. § 77-2395(1) (Cum. Supp. 2020) states, in relevant part, the following:

*[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC], unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, to the custodial official, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed..*

Furthermore, sound accounting practices and a good internal control plan require procedures to ensure that public funds deposited in banks are protected fully by FDIC coverage or otherwise collateralized properly.

Without such procedures, there is an increased risk for not only the loss of unsecured public funds but also noncompliance with State statute. A similar issue was noted in the prior year.

We recommend the County Clerk implement procedures for monitoring closely all County bank accounts to ensure they are secured properly, by either sufficient FDIC coverage or adequate collateral.

## COUNTY CLERK OF THE DISTRICT COURT

### Fines Credited to the General Fund

Fines, totaling \$1,417, were collected by the District Court from July 2019 to February 2020; however, this balance was credited to the County General Fund, not to the School Fines and Licenses Fund. Because they were credited to the incorrect fund, the fines were not subsequently remitted to the County schools, as required by State statute.

Article VII, § 5, of the Nebraska Constitution provides, in relevant part, the following:

*(1) Except as provided in subsections (2) and (3) of this section, all fines, penalties, and license money arising under the general laws of the state, except fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways of this state, shall belong and be paid over to the counties respectively where the same may be levied or imposed, and all fines, penalties, and license money arising under the rules, bylaws, or ordinances of cities, villages, precincts, or other municipal subdivision less than a county shall belong and be paid over to the same respectively. All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue, except that all fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways shall be placed as follows: Seventy-five per cent in a fund for state highways and twenty-five per cent to the county general fund where the fine or penalty is paid.*

(Emphasis added.) Likewise, Neb. Rev. Stat. § 29-2708 (Reissue 2016) states, as is relevant, “All money arising from fines and recognizance shall be credited by the county treasurer to the county school fund except as provided by Article VII, Section 5, Constitution of Nebraska . . . .”

A good internal control plan requires procedures to ensure that fines are credited to the School Fines and Licenses Fund, for subsequent remittance to the County schools. Those same procedures should ensure also that corrections are made for any monies that were credited to the wrong fund.

Without such procedures, there is increased risk of not only fines being credited to the wrong fund but also noncompliance with both the Nebraska Constitution and State statute, increasing the risk for loss or misuse of funds. A similar finding was noted in the prior year.

We recommend the County Clerk of the District Court implement procedures to ensure that fines are credited properly to the School Fines and License Fund.

## **COUNTY ECONOMIC DEVELOPMENT**

### **Records Retention**

During our audit, the County Economic Development office could not provide any records to support monies received or disbursed by the office. Based on County Treasurer records, the office collects money from other political subdivisions for economic development services.

Neb. Rev. Stat. § 84-1212.02 (Reissue 2014) says the following:

*All state agency heads and all local agency heads are hereby authorized to dispose of the records of their agencies in accordance with records retention and disposition schedules which are applicable to their agencies if such schedules have been approved by the administrator pursuant to section 84-1212.01. Each agency head shall report any such records disposition to the administrator on forms provided by the administrator.*

The Local Government Record Retention Schedule 24, General Records, filed with the Nebraska Secretary of State, requires designated financial documents (e.g., agreements, cash register records, daily balance records, receipts, and monthly financial statements) to be held for a minimum of five years.

When records are not maintained for the appropriate amount of time, there is increased risk of not only noncompliance with State statute but also a lack of important documentation. A similar issue was noted in the prior year.

We recommend the County Economic Development office implement procedures to ensure files are maintained in accordance with the provisions of the Local Government Records Retention Schedule 24.

## **COUNTY JUVENILE DIVERSION**

### **Diversion Office Procedures**

The County Juvenile Diversion program charges various fees to participants based on the severity of the offense, which are then paid to the County Treasurer, with the majority of the monies paid to the General Fund and \$25 of each fee paid to the Cuming County Law Enforcement Equipment Fund. Similarly, the County entered into an interlocal agreement with Burt County to provide juvenile diversion services. This interlocal agreement, signed August 27, 2019, states that an additional “\$25.00 from each fee paid will go to the corresponding county Law Enforcement Equipment Fund.”

During our review of office records, we noted:

- Adequate records were not on file to support the payment of the \$25 fee owed to Burt County. We noted that \$175 collected was not paid to the County Treasurer, and a subsequent request to Burt County indicated these fees were remitted to the Burt County Treasurer.
- One receipt was not on file for diversion fees remitted to the County Treasurer, totaling \$50.

- Diversion fees, totaling \$100, were paid to the General Fund instead of the Law Enforcement Equipment Fund.
- One receipt, totaling \$50, from June 2020, indicated the case was referred from Burt County, and as such, \$25 of collections was owed to that County; however, the full \$50 was paid to the County Treasurer.
- One receipt, totaling \$200, did not agree to the approved schedule. Per the schedule, the offense committed should have resulted in diversion fees of \$250, an underpayment by the participant of \$50.

Good business practices and internal controls require procedures to ensure that the office maintains records sufficient to reflect its activity, and all money received is paid out correctly and accounted for based on the requirements of any active contracts or agreements. Additionally, all fees collected should be charged correctly based on the fee schedule approved by the County Board.

Without such procedures, there is an increased risk for loss or misuse of County money or money owed to others.

We recommend the County Diversion office implement procedures to ensure that all money received is accounted for properly and paid out in accordance with any active contracts and agreements. Those procedures should ensure also that all fees collected are charged correctly based on the fee schedule approved by the County Board.

### **COUNTY SHERIFF**

#### **Balancing Procedures**

During our audit, we noted that a receipt log for civil process fees paid in advance was maintained; however, monies were not added to this log until after the papers were served. The log indicated the County Sheriff had \$112 in cash on hand as of June 30; however, due to the lack of receipts written at the time the monies were collected, we were unable to verify this. The County Sheriff does complete a monthly reconciliation of assets to liabilities; however, the aforementioned failure to receipt monies causes this reconciliation to be inaccurate.

Sound accounting practices and good internal controls require procedures to ensure the following: 1) an accurate office asset-to-liability reconciliation is performed, at least monthly; and 2) payments received for advanced paper service are receipted immediately.

Without such procedures, there is an increased risk for theft, loss, or misuse of funds, as well as errors being allowed to go undetected more easily. A similar issue was noted in the prior year.

We recommend the County Sheriff implement procedures to ensure an accurate office asset-to-liability reconciliation is performed, at least monthly. Those same procedures should ensure also that civil process fees paid in advance are receipted immediately.

### **COUNTY TREASURER**

#### **Tax Commissions**

During the audit, we noted that commissions retained on tax collections for the Howells-Dodge School District were not collected, as required by State statute. This error resulted in \$4,713 being paid to the school district during the fiscal year, instead of being retained by the County.

Neb. Rev. Stat. § 33-114 (Reissue 2016) states the following:

*Each county treasurer shall receive for and on behalf of the county for services rendered to other governmental subdivisions and agencies, when fees for services rendered by him or her are not otherwise specifically provided, the following fees: . . . (4) for the collection of all sums of money for municipal taxes, general or special, including money for bond sinking fund or bond interest fund and school money, one percent of the sums so collected[.]*

When commission rates are calculated incorrectly, the County does not retain all money owed to it, and there is an increased risk of loss or misuse of funds. A similar issue was noted in the prior year.

We recommend the County Treasurer implement procedures to ensure all commission rates agree to those set out in State statute.

## **COUNTY OVERALL**

### **Financial Variances**

The County Treasurer and County Clerk did not complete an accurate reconciliation between their separate office records. The following variances were noted:

- The County Treasurer's records were misstated due to an attempted correction, totaling \$182, in which a disbursement was recorded in the Economic Development Fund and should have been paid from the General Fund. In attempting to correct this error, the County Treasurer increased disbursements in the Economic Development Fund instead of reducing them, resulting in variances in two funds:
  - General Fund disbursements were overstated by \$364.
  - Economic Development Fund disbursements were understated by \$364.
- The County Clerk's records were misstated for the General Fund mainly due to errors in journal entries completed by the office. We noted multiple instances in which journal entries were created and then deleted in subsequent months. The following errors were noted for the General Fund:
  - An understatement, totaling \$376, was due to a refund check that was adjusted out of the records; however, it was never recorded originally.
  - An overstatement, totaling \$36, was due to an attempt to correct a prior journal entry error; however, the erroneous journal entry had been deleted.
  - An overstatement, totaling \$40, was due to the erroneous recording of a check to the State Treasurer for unclaimed property.
  - An overstatement, totaling \$5,781, was due to a voided check that was never adjusted.
- The County Clerk did not record transfers from the 911 Wireless Service Fund, totaling \$56,764, in the budget records.

Good internal controls and sound business practices require procedures to ensure that all financial activity of the County is reflected properly in the County Treasurer and County Clerk's records. Such procedures should include a timely and periodic reconciliation of disbursements between those records.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds. A similar issue was noted in the prior year.

We recommend the County Clerk and County Treasurer implement procedures to ensure all financial activity of the County is reflected properly in the records of those offices.

**Segregation of Duties**

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

\* \* \* \* \*

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor